

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6792**

**BILL NUMBER:** HB 1463

**NOTE PREPARED:** Jan 18, 2009

**BILL AMENDED:**

**SUBJECT:** Preventive Care Pilot Program.

**FIRST AUTHOR:** Rep. Koch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes the Preventive Care Pilot Program within the State Department of Health (ISDH). The bill provides for administration of the program by ISDH and the Insurance Commissioner. The bill also establishes criteria to participate in the program. The bill provides that the insurance laws do not apply to the pilot program. This bill provides that the pilot program ends July 1, 2013.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Summary:* ISDH reports that approximately \$672,000 will be required per year for implementation.

**Details:** This bill requires ISDH to develop and implement a preventative care pilot program with consultation from the Insurance Commissioner. This pilot program is to be put in place by the end of FY 2010. The pilot program is a prepaid program that provides preventative health care for individuals that experience a qualifying event, as defined in the bill. ISDH is authorized to select participating providers using diversity in practice considerations, geographical diversity, and other appropriate criteria established by ISDH.

ISDH is required to create, provide, and process pilot program license requests submitted by providers. The legislation also provides that subscribers are entitled to a written description of the pilot program membership that contains (1) a complete statement of services, (2) entitled benefits, (3) exclusions or limitations on the service, kind of service, benefits, or kind of benefits provided including co-payments, and (4) information

on how services may be obtained.

The Insurance Commissioner is required to provide guidelines and approve all forms, marketing materials, and fees proposed for use in the pilot program under the same guidelines applicable under the accident and sickness insurance policies. All approvals made by the Commissioner are to be communicated to ISDH. Additionally, the Commissioner is required to certify whether a (1) program applicant or (2) a participating provider (to the extent ISDH requests such information) is in sound financial condition for participation in the pilot program.

The Commissioner and ISDH are required to adopt joint rules in administering the program. This will increase the workload of both the Department of Insurance (DOI) and ISDH to collaborate and establish joint rules. ISDH is required to evaluate the effectiveness of the pilot program.

The bill also requires ISDH to submit an annual report to the Health Finance Commission regarding the pilot program's progress, suggested expansion, necessary changes, and suggested legislation. These provisions will increase the workload of ISDH and the Commissioner of Insurance.

*Pilot Program Participation:* It was estimated that the individuals who are most likely to participate in the pilot program are those who have low income and would be uninsured as the result of a qualifying event as defined in the legislation. It was assumed that individuals at higher income levels would not participate in the pilot program and would tend to select private insurance. The individuals that are estimated to be most likely to participate in the pilot program are those that (1) are excluded from HIP eligibility because of health insurance coverage within six months after a qualifying event and (2) those who make income greater than 200% of the federal poverty level but low enough to find the program more attractive than private insurance because of lower costs.

The bill states that program participation is not considered having insurance. This would allow individuals who experience a qualifying event to participate in the pilot program. Individuals that have income at or below 200% of the poverty level who would otherwise qualify for HIP would be the most likely to participate in the program. These individuals would most likely participate for the duration of the six-month uninsured requirement before applying for HIP and subsequently would discontinue participation in the pilot program if approved under HIP.

The Family and Social Services Administration (FSSA) reports that as of December 1, 2008, there were approximately 34,000 individuals who were denied HIP benefits. One of the main reasons for these denials was due to existing insurance coverage within the last six months. These individuals are assumed to be those that are most likely to participate in the pilot program.

The Department of Insurance reports that there are providers who are currently offering prepaid preventive care health services in the state. DOI also reported that the individuals who are most likely to participate in the program are those with low incomes and who require health care to some degree. Currently, providers offer these programs in areas with higher concentrations of individuals with low income. Preventive care providers are currently monitored and regulated by the Professional Licensing Agency (PLA).

**Explanation of State Revenues:** ISDH is authorized to accept gifts, grants, and matching funds to aid in the administration of the pilot program. Actual increases in state revenue from grants and subsequent matching funds will depend on the actions of ISDH administrators.

Providers that wish to participate in the pilot program are required to obtain pilot program licenses from ISDH. The bill allows ISDH to assess licensing fees that are approved by the Commissioner to providers that apply for pilot program participation. State revenue may increase if licensing fees are assessed to participants.

The bill also allows ISDH to refuse to renew, revoke, or suspend the license of a participating provider for specific reasons and actions. In addition, ISDH may order participating providers to pay a penalty of not more than \$5,000 for each violation that occurs. State revenue will increase as a result. Actual increases will depend on the numbers of pilot program participant violations and the assessed penalties.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** ISDH; DOI.

**Local Agencies Affected:**

**Information Sources:** Scott Zarazee, SDH; Carol Cutter, Department of Insurance; Kay Myers, West Virginia Legal Division of Health Care Authority, (304) 558-7000 ex 229.

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